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CHAIRMAN BUYER'S OPENING STATEMENT

MILITARY PERSONNEL SUBCOMMITTEE HEARING ALTERNATIVES FOR RETIREE HEALTH CARE

February 27, 1997

Today the Subcommittee will hear testimony on various options for providing continued medical coverage to our military Medicare-eligible retirees and their families.

The Department of Defense operates one of the nation's largest health care systems. Over eight and a half million people, including active-duty service members, retirees, and their families are eligible to use military medical facilities. About 1.2 million of these beneficiaries are Medicare eligible, and the Department projects that number to grow to nearly 1.4 million by the year 2001.

The Department of Defense currently estimates that about 25 percent of its Medicare-eligible beneficiaries are reliant on military hospitals for major portions of their health care. Supporting the Medicare-eligible population costs the Department an estimated \$1.2 billion annually.

While these Medicare-eligible beneficiaries remain eligible for space-available care in military hospitals, they cannot participate in the Department of Defense TRICARE managed-care program. Since TRICARE is designed to maximize use of military treatment facilities by TRICARE enrollees in order to achieve efficiencies, it will become increasingly difficult for Medicare-eligible beneficiaries to gain access to space-available care in those facilities.

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As a result, continuing to meet the medical needs of this growing military beneficiary population is an extremely difficult challenge, particularly in today's budget-constrained environment. The Department of Defense, military associations and a substantial number of Congressional members believe Medicare reimbursement to the Department for care provided to Medicare-eligible beneficiaries, a concept referred to as Medicare subvention, may be a viable, cost effective method of providing quality health care to many of these beneficiaries.

The House National Security Committee has long supported efforts to enact Medicare subvention. The conference report to the National Defense Authorization Act for Fiscal Year 1996 expressed the sense of Congress that the President's fiscal year 1997 budget should provide for Medicare reimbursement to DoD as a means of ensuring access to medical care for Medicare-eligible beneficiaries. The conference report to the National Defense Authorization Act for Fiscal Year 1997 included a requirement for the Secretary of Defense and the Secretary of Health and Human Services to jointly provide Congress with a detailed plan for conducting a Medicare subvention demonstration program. Also, in September 1996, the Committee reported out legislation that would have authorized a Medicare subvention demonstration program. Unfortunately, despite these efforts, legislation authorizing Medicare subvention or a subvention demonstration program was not enacted in the 104th Congress, largely due to the Congressional Budget Office's unfavorable estimates of the cost of these proposals.

Based on concerns about CBO's unfavorable scoring of Medicare subvention, the Committee previously directed the Department of Defense and the General Accounting Office to study alternatives for ensuring the continued provision of health care to military retirees. In light of CBO's unfavorable scoring of even a demonstration program for Medicare subvention, and in response to concerns raised by military associations that subvention only will help a small portion of the Medicare-eligible population, it is evident these other alternatives need to be fully evaluated.

Our military retirees were told that they would be provided with health care for life. We need to do all that we can to ensure that they receive that care.